

Consignment Selling

I'm generally opposed to consignment selling, but there are times when it can be useful. You can't expect a shop owner to buy very large, expensive, or unusual works that might take a very long time to sell. They will also hesitate buying until they know your work sells. Also, placing your work on consignment, in some place a lot of people will see it, can be very good advertising. It might sell there, but even if it doesn't a lot of people will see it.

Other than that, consignment should be avoided if possible. If a shop owner buys outright and sells your work, the shop's profit is 50%, or more, of the sale. If the goods were on consignment, the sales commission is almost always less than that. Often a lot less. So, a shop makes more money buying and reselling goods than if it sells consignment goods. Why would they do that?

Either they don't have enough money to buy stock, so they must take consignments. Or, they don't know what to buy, so they take whatever they can get. Instead of buying goods that are likely to sell, consignment shops take just about anything to fill the shelves. The end result is very limited sales. With limited sales, these shops are too often unable to pay for your goods even after they have sold them. All too often they go broke leaving behind a collection of unpaid suppliers.

Your only advantage to selling on consignment is that you get a higher percentage of the retail selling price. But, you are take a huge gamble hoping to get a slightly higher percentage of a much lower sales volume - especially with the risk that you'll end up getting paid nothing at all. If you do place your work someplace on consignment, be certain you know the owner extremely well and always get an written agreement with the shop owner.

If a prospective wholesale customer is nervous about trying out your product for the first time, it's perfectly reasonable for them to want the first order on consignment. A better way for you to respond is to instead offer the first order "on trial". Tell them that the first order is on trial, say for example 30 days. After that time, if they aren't satisfied, they pay for whatever they sold and return the rest to you. Or, if they are satisfied, they pay for the total order - and you now have a permanent customer. You'll find that when you suggest this idea to a prospective customer, they'll find it hard to refuse.